

Message Text

UNCLASSIFIED

PAGE 01 LONDON 09854 01 OF 04 151703Z

ACTION EUR-12

INFO OCT-01 EA-09 NEA-10 IO-14 ISO-00 EURE-00 SSO-00
NSCE-00 INRE-00 USIE-00 PA-02 PRS-01 L-03 H-02
SP-02 AID-05 EB-07 NSC-05 EPG-02 SS-15 STR-04
OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00
XMB-04 OPIC-06 LAB-04 SIL-01 AGR-01 FEAE-00 /120 W
-----151708Z 079670 /41

O R 151651Z JUN 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5061

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMCONSUL BELFAST

AMCONSUL EDINBURGH

USMISSION GENEVA

USDOC WASHDC

UNCLAS SECTION 01 OF 04 LONDON 09854

USEEC ALSO FOR EMBASSY

USOECN ALSO FOR EMBASSY

USMTN

DEPARTMENT PASS FEDERAL RESERVE BOARD

TREASURY FOR DONALD E. SYVRUD, OASIA

E.O. 11652: N/A

TAGS: ECON, UK

SUBJECT: ECONOMIC DEVELOPMENTS FOR PERIOD JUNE 9 - L5TH

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 09854 01 OF 04 151703Z

SUMMARY: WHILE HMG'S BUDGET PROPOSALS WERE RUNNING INTO
PARLIAMENTARY DIFFICULTIES (SEE SEPTTEL), THE LATEST ECO-
NOMIC INDICATORS DID NOT SUGGEST ANY BUOYANCY. WHOLESAL
PRICES CONTINUED TO RISE ALTHOUGH THE PRICES OF RAW MA-
TERIALS AND FUELS HAVE BEEN MORE STABLE IN RECENT MONTHS.
RETAIL SALES VOLUME REMAINS DEPRESSED.

THE MORTGAGE RATE WAS REDUCED TO 10.5 PERCENT AND BANKING FIGURES PRESAGE LITTLE OR NO INCREASE IN M3, ALTHOUGH CENTRAL GOVERNMENT BORROWING REQUIREMENT INCREASED SHARPLY. THE PARTIAL SALE OF HMG EQUITY IN BRITISH PETROLEUM WILL REALIZE 564 MILLION POUNDS. STERLING HAS BEEN STRONGER IN QUIET TRADING CONDITIONS. END SUMMARY

1. WHOLESALE PRICES. FACTORY GATE PRICES ROSE IN MAY WHILE THE COST OF RAW MATERIALS AND FUELS PURCHASED BY INDUSTRY FELL. THE WHOLESALE PRICE INDEX FOR GOODS EX-FACTORY (1970 EQUALS 100) STOOD AT 259.6 IN MAY, A RISE OF 1.6 PERCENT FROM THE APRIL FIGURE OF 255.4. THIS INDEX IS NOW 20.9 PERCENT ABOVE ITS LEVEL OF A YEAR EARLIER. HIGHER CAR PRICES ACCOUNTED FOR ABOUT A QUARTER OF THE MAY INCREASE. IT HAD BEEN EXPECTED THAT THE MONTHLY RATE OF INCREASE (1.5 TO 2.0 PERCENT IN RECENT MONTHS) WOULD SHOW SIGNS OF SLACKENING BY NOW. THE PRESS HAS SPECULATED THAT MANUFACTURERS ARE INCREASING PRICES TO WIDEN PROFIT MARGINS. PARTLY IN ANTICIPATION OF LOOSER PRICE CONTROLS WHICH TAKE EFFECT IN AUGUST.

WHOLESALE PRICES OF RAW MATERIALS AND FUEL (INPUTS) DECLINED BY 0.5 PERCENT IN MAY WITH THE INDEX (1970 EQUALS 100) DECLINING TO 348.1 FROM 349.8. THIS INDEX IS 19.2 PERCENT HIGHER THAN IT WAS A YEAR AGO. HOWEVER, THE STABILITY OF STERLING IN RECENT MONTHS HAS PRODUCED A MARKED SLOWING IN THE RATE OF INCREASE OF INPUT PRICES. THESE HAVE RISEN BY 3.7 PERCENT BETWEEN THE THREE MONTHS TO MAY AND THE PREVIOUS THREE-MONTH PERIOD AND BY 2.5 UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 09854 01 OF 04 151703Z

PERCENT BETWEEN FEBRUARY AND MAY. THESE INCREASES APPEAR QUITE MODERATE WHEN COMPARED WITH THE 9.8 AND 7.5 PERCENT RISES WHICH OCCURRED DURING THE SECOND AND FOURTH QUARTERS OF 1976 WHEN STERLING FELL SHARPLY.

2. RETAIL SALES. PROVISIONAL ESTIMATES FOR MAY SHOW LITTLE CHANGE FROM THE DEPRESSED LEVELS OF MARCH AND APRIL. THE RETAIL SALES VOLUME INDEX (1971 EQUALS 100) STOOD AT A PROVISIONAL 103.5 IN MAY VIRTUALLY UNCHANGED FROM THE FINAL APRIL FIGURE OF 103.4, ITSELF REVISED DOWNWARD FROM 104.0. THE VOLUME OF SALES DURING THE 3 MONTHS THROUGH MAY WAS 3.3 PERCENT BELOW THAT OF THE PRECEDING THREE-MONTH PERIOD AND INDICATES THAT DECLINING REAL PERSONAL INCOMES ARE CONTINUING TO AFFECT CONSUMPTION.

DISAGGREGATING THE FINAL APRIL FIGURES THE VOLUME OF FOOD, CLOTHING AND FOOTWEAR. AND OTHER NON-FOOD SALES DECLINED. THESE WERE marginally OFFSET BY A SHARP REBOUND IN DURABLE GOODS SALES FROM THE UNUSUALLY DEPRESSED MARCH FIGURE. THE MOST STRIKING ELEMENT IN THE APRIL DATA

IS THE CONTINUING DECLINE IN THE VOLUME OF FOOD SALES.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 09854 02 OF 04 151705Z
ACTION EUR-12

INFO OCT-01 EA-09 NEA-10 IO-14 ISO-00 EURE-00 SSO-00
NSCE-00 INRE-00 USIE-00 PA-02 PRS-01 L-03 H-02
SP-02 AID-05 EB-07 NSC-05 EPG-02 SS-15 STR-04
OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00
XMB-04 OPIC-06 LAB-04 SIL-01 AGR-01 FEAE-00 /120 W
-----151717Z 079703 /41

O R 151651Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 5062
TREASURY DEPT WASHDC IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY NEW DELHI
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BELFAST
AMCONSUL EDINBURGH
USMISSION GENEVA
USDOC WASHDC

UNCLAS SECTION 02 OF 04 LONDON 09854

IN THE YEAR TO APRIL' THE INDEX MEASURING FOOD SALES HAS
DECLINED BY 6.8 PERCENT. THIS DROP HAS TAKEN THE INDEX
FULLY 5.4 PERCENT BELOW ITS 1971 BASE. IT APPEARS TO IN
DICATE THAT THE BRITISH CONSUMER IS BUYING CHEAPER FOODS
IN SMALLER QUANTITIES AS FOOD PRICES CONTINUE TO OUTPACE
THE GENERAL RATE OF PRICE INCREASE.

3. INSTALMENT CREDIT. THE AMOUNT OF NEW CREDIT EXTENDED
IN APRIL WAS VIRTUALLY UNCHANGED. FINANCE HOUSES EX:TEND-
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 09854 02 OF 04 151705Z

ED 157 MILLION POUNDS IN NEW CREDIT COMPARED/ WITH 171 MILLION IN MARCH WHILE RETAILERS ADVANCED CUSTOMERS 198 MILLION POUNDS VERSUS 183 MILLION IN MARCH. OVER THE 3 MONTHS TO APRIL, FINANCE HOUSES INCREASED THE AMOUNT OF NEW CREDIT BY 15 PERCENT COMPARED WITH THE PREVIOUS THREE MONTHS WHILE ON THE SAME BASIS THERE WAS NO CHANGE IN THE AMOUNT OF NEW CREDIT EXTENDED BY RETAILERS. THE TOTAL AMOUNT OF DEBT OUTSTANDING TO FINANCE HOUSES AND RETAILERS ROSE TO 2.2 BILLION POUNDS IN APRIL FROM 2.737 BILLION IN MARCH.

4. BALANCE OF PAYMENTS. THE BALANCE OF PAYMENTS ACCOUNTS

FOR THE FIRST QUARTER OF 1977 WERE RELEASED JUNE 9 (SEE LONDON A-411). THE FIRST QUARTER CURRENT ACCOUNT DEFICIT WAS INCREASED MODESTLY FROM A PRELIMINARY ESTIMATE (SEE LONDON 7973) OF 294 MILLION POUNDS TO 327 MILLION POUNDS' AND VISIBLE TRADE DEFICIT REVISED UPWARDS FROM 954 MILLION POUNDS TO 968 MILLION POUNDS' WHILE THE ESTIMATE OF THE INVISIBLES SURPLUS WAS REDUCED FROM 660 MILLION POUNDS TO 641 MILLION POUNDS.

THE CAPITAL ACCOUNTS PROVIDE THE FIRST DETAIL ON THE MOVEMENTS THAT ACCOMPANIED THE 3.197 BILLION POUND INCREASE IN OFFICIAL RESERVES DURING THE FIRST QUARTER. OVERSEAS INVESTMENT IN THE U.K, PUBLIC SECTOR WAS 458 MILLION POUNDS IN 1977 I COMPARED WITH 123 MILLION POUNDS IN 1976 IV, PRIMARILY DUE TO THE PURCHASE OF GOVERNMENT LONG-TERM SECURITIES. THE 389 MILLION POUND INCREASE IN STERLING BALANCES WAS THE RESULT OF PURCHASES OF BANKING AND MONEY MARKET INSTRUMENTS RATHER THAN OF GILTS. EXPORT CREDIT EXTENDED IS THOUGHT TO HAVE FALLEN FROM 353 MILLION POUNDS IN 1976 IV TO 47 MILLION POUNDS IN 1977 I. THIS SHARP FALL REFLECTS PART OF THE REDUCTION OF U.K. FINANCE OF THIRD COUNTRY STERLING TRADE. SUCH FINANCE WAS PROHIBITED UNDER THE NOVEMBER 1976 CHANGES IN THE EXCHANGE CONTROL LAWS, RESULTING SINCE THEN IN AN ESTIMATE-

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 09854 02 OF 04 151705Z

TED 1 BILLION POUND REFLUX FROM ALL SOURCES. THE REFLUX IS THOUGHT TO BE OVER. THE BALANCING ITEMS (I.E., ERRORS AND OMISSIONS) WHICH IN PART REFLECTS CHANGES IN THE LEADS AND LAGS OF FOREIGN TRADE PAYMENTS, INCREASED TO 474 MILLION POUNDS IN 1977 I FROM 118 MILLION POUNDS IN 1976 IV.

THE BALANCE FOR OFFICIAL FINANCING ROSE FROM A 133 MILLION POUND DEFICIT IN 1976 IV TO A 1.913 BILLION POUND

SURPLUS IN 1977 I.

5. BANKING FIGURES. THE GROWTH OF THE MONETARY AGGREGATES APPARENTLY CONTINUES TO BE CHECKED. DURING THE BANKING MONTH ENDED MAY 18. THE BANKING SYSTEM'S ELIGIBLE LIABILITIES (EL'S), BASICALLY ALL STERLING LIABILITIES WHICH HAVE LESS THAN TWO YEARS' MATURITY OR WHICH ARISE FROM SWITCHING OUT OF FOREIGN CURRENCIES, WERE VIRTUALLY UNCHANGED FROM APRIL'S LEVELS. THE EL'S NOW STAND AT APPROXIMATELY THE LEVEL ATTAINED IN SEPTEMBER 1976. INTEREST-BEARING ELIGIBLE LIABILITIES (IBEL'S) WERE ALSO AT APRIL'S LEVEL SO THAT THE BANKING SYSTEM AS A WHOLE REMAINED WITHIN THE LIMITS ON LIABILITY GROWTH IMPOSED BY THE "CORSET". HOWEVER, FIVE BANKS INDIVIDUALLY INCURRED PENALTIES FOR EXCEEDING THE BANK OF ENGLAND'S NORMS ON THE GROWTH OF INTEREST-BEARING ELIGIBLE LIABILITIES' LARGELY "BOUGHT MONEY," SUCH AS CDS. HOWEVER STATISTICS FOR THE LONDON CLEARING BANKS SHOWED THAT WHEREAS THEIR STERLING DEPOSITS DECLINED BY 156 MILLION POUNDS. THEIR FOREIGN CURRENCY DEPOSITS INCREASED 373 MILLION POUNDS.

THE STATISTICS ON ELIGIBLE LIABILITIES. RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS CAN BE SUMMARIZED:

	MILLIONS OF POUNDS	
	APRIL 20	MAY 18
ELIGIBLE LIABILITIES	35.846	35,826
OF WHICH INTEREST-BEARING	23.997	23,940
RESERVE ASSETS		
UNCLASSIFIED		

UNCLASSIFIED

PAGE 04 LONDON 09854 02 OF 04 151705Z

OF WHICH MONEY AT CALL	5.077	5,026
IN THE DISCOUNT MARKET	1,999	1,785
U.K. AND NO. IRELAND		
TREASURY BILLS	1.307	1.411

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 09854 03 OF 04 151713Z
ACTION EUR-12

INFO OCT-01 EA-09 NEA-10 IO-14 ISO-00 EURE-00 SSO-00
 NSCE-00 INRE-00 USIE-00 PA-02 PRS-01 L-03 H-02
 SP-02 AID-05 EB-07 NSC-05 EPG-02 SS-15 STR-04
 OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00
 XMB-04 OPIC-06 LAB-04 SIL-01 AGR-01 FEAE-00 /120 W
 -----151815Z 079807 /41

O R 151651Z JUN 77
 FM AMEMBASSY LONDON
 TO SECSTATE WASHDC IMMEDIATE 5063
 TREASURY DEPT WASHDC IMMEDIATE
 INFO AMEMBASSY BONN
 AMEMBASSY BRUSSELS
 AMEMBASSY DUBLIN
 AMEMBASSY NEW DELHI
 AMEMBASSY PARIS
 AMEMBASSY ROME
 AMEMBASSY TOKYO
 AMCONSUL BELFAST
 AMCONSUL EDINBURGH
 USMISSION GENEVA
 USDOC WASHDC

UNCLAS SECTION 03 OF 04 LONDON 09854

COMMERCIAL BILLS	613	637
SPECIAL DEPOSITS	L,021	1,046
(PERCENT)		
RESERVE RATIO	14.2	14.0

6. SALE OF BP EQUITY. AS ANNOUNCED LAST DECEMBER, IN CONJUNCTION WITH THE PUBLICATION OF HMG'S LETTER OF INTENT TO THE IMF, THE GOVERNMENT HAS SOLD 66.79 MILLION SHARES OF ITS HOLDING IN BRITISH PETROLEUM. THIS REDUCES UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 09854 03 OF 04 151713Z

HMG S INTEREST TO 51 PERCENT FROM ITS CURRENT 68 PERCENT. THE SALE WAS UNDERWRITTEN BY 10 LONDON MERCHANT BANKS WHO PAID 8.45 POUNDS (\$14.50) PER SHARE OR A TOTAL OF 564.4 MILLION POUNDS. THE GOVERNMENT HAD INITIALLY EXPECTED TO REALIZE 500 MILLION POUNDS FROM THE SALE. IN ANTICIPATION OF THE SALE BP SHARES FELL BACK FROM 9.30 POUNDS ON JUNE 3 TO YESTERDAY'S CLOSE OF 8.70 POUNDS. ABOUT 25 PERCENT OF THE SHARES WILL BE MADE AVAILABLE TO U.S. INVESTORS AT A PRICE AT LEAST EQUAL TO THE LONDON OFFER PRICE, THROUGH A 5-BANK CONSOTRIUM LED BY MORGAN STANLEY. TO SWEETEN THE OFFER, BRITISH PURCHASERS WILL BE ABLE TO PAY FOR THE SHARES IN TWO INSTALMENTS. INITIAL-

LY THEY WOULD PAY 3.00 POUNDS PER SHARE WITH THE REMAINING 5.45 POUNDS DUE ON DECEMBER 6.

7. MORTGAGE RATES. THE BUILDING SOCIETIES ASSOCIATION ANNOUNCED A FURTHER REDUCTION IN THEIR MORTGAGE RATES TO 10.5 PERCENT FROM 11.25 PERCENT. THIS FOLLOWS CLOSELY ON APRIL'S 1.0 PERCENT REDUCTION FROM 12.25 PERCENT. THE 10.5 PERCENT RATE WILL APPLY TO NEW MORTGAGES IMMEDIATELY, AND TO EXISTING MORTGAGES FROM JULY 1. THE BUILDING SOCIETIES WILL ALSO REDUCE THEIR RATE ON DEPOSITS FROM 7.0 PERCENT TO 6.7 PERCENT. (THE BUILDING SOCIETIES PAY THE BASIC TAX RATE ON BEHALF OF THEIR INVESTORS' THE INVESTORS' RATE BEING QUOTED NET OF THIS PAYMENT.) THE REDUCTION IN DEPOSIT RATE HAS FOLLOWED OTHER INTEREST RATE DECLINES ONLY WITH A LAG, AS THE SOCIETIES PERMITTED THEIR NET RECEIPTS TO RECOVER FROM LAST DECEMBER'S LOW LEVELS. NET RECEIPTS FOR APRIL WERE A RECORD 475 MILLION POUNDS, THIS WAS SURPASSED IN MAY WHEN NET RECEIPTS OF 511 MILLION POUNDS WERE RECORDED.

7. FOREIGN EXCHANGE MARKET THIS WEEK HAS BEEN VERY QUIET ACCORDING TO MARKET SOURCES, FAIRLY STRONG COMMERCIAL DEMAND ON MONDAY MAY HAVE ENABLED BANK OF ENGLAND TO TAKE IN FOREIGN EXCHANGE. GENERALLY' VOLUME IN SPOT AND FOR-

UNCLASSIFIED

PAGE 03 LONDON 09854 03 OF 04 151713Z

WARD MARKETS REPORTED FAIRLY SMALL AND RELATED TO COMMERCIAL ACTIVITY. SOME DEALERS SPECULATE MARKET IS ENTERING SUMMER DOLDRUMS.

8. CENTRAL GOVERNMENT FINANCIAL TRANSACTIONS. THE CENTRAL GOVERNMENT BORROWING REQUIREMENT (CGBR) ROSE SHARPLY IN MAY. AT 1.264 BILLION POUNDS, THE CGBR WAS 0.484 BILLION POUNDS HIGHER THAN IN THE CORRESPONDING MONTH IN FY 76/77. THE SIZE OF THE INCREASE HAS BEEN ATTRIBUTED TO A SERIES OF SPECIAL FACTORS. FIRST, THE TIMING OF CERTAIN PAYMENTS TOTALLING 400 MILLION POUNDS TO LOCAL AUTHORITIES BY CENTRAL GOVERNMENT HAS BEEN ALTERED. SECOND THE GOVERNMENT HAD TO MAKE ITS FIRST INTEREST PAYMENT (OVER 300 MILLION POUNDS) ON THE LARGE AMOUNT OF GILT EDGED SECURITIES SOLD LAST DECEMBER. THERE WAS ALSO A SHARP RISE IN NET LONG-TERM BORROWING BY LOCAL AUTHORITIES FROM THE PUBLIC WORKS LOAN BOARD. REVENUES ROSE BY 16.2 PERCENT IN MAY COMPARED WITH A BUDGET FORECAST OF 11.7 PERCENT. EXPENDITURES, AFFECTED BY THE AFOREMENTIONED FACTORS. ROSE BY 35.0 PERCENT COMPARED WITH A BUDGET FORECAST OF 10.5 PERCENT. DESPITE THE MAY FIGURES, IT IS BELIEVED THAT THE CGBR IS STILL IN LINE WITH BUDGET FORECASTS. THE FOLLOWING TABLE SUMMARIZES THE LATEST AVAILABLE DATA:

POUNDS MILLION

1977-78

CONSOLIDATED FUND BUDGET .AOR. 31 MAV MAY

FORECAST 1976 1977 1976 1977

REVENUE 37,742 5,139 5,869 2,414 2,805

EXPENDITURE 43,489 5,792 6,967 2,798 3,778

DEFICIT -5,747 - 653 -1,098 - 384 - 973

NATIONAL LOANS

FUND (1)

CONSOLIDATED FUND DEFICIT

(AS ABOVE) -5,747 - 653 -1,098 - 384 - 973

OTHER TRANSACTIONS:

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 LONDON 09854 03 OF 04 151713Z

RECEIPTS 5.300 558 901 268 645

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 09854 04 OF 04 151713Z

ACTION EUR-12

INFO OCT-01 EA-09 NEA-10 IO-14 ISO-00 EURE-00 SSO-00

NSCE-00 INRE-00 USIE-00 PA-02 PRS-01 L-03 H-02

SP-02 AID-05 EB-07 NSC-05 EPG-02 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 AGR-01 FEAE-00

(ISO) W

-----180006Z 123780 /41

O R 151651Z JUN 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5064

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMCONSUL BELFAST

AMCONSUL EDINBURGH
 USMISSION GENEVA
 USDOC WASHDC

UNCLAS SECTION 04 OF 04 LONDON 09854

PAYMENTS -7,188 -976 -1'593 -660 -837
 TOTAL NET BORROWING BY THE
 NATIONAL LOANS
 FUND -7.635 -1.071 -1,790 -776 -1,165
 OTHER FUNDS AND
 ACCOUNTS 776 31 -58 -4 -99
 CENTRAL GOVERNMENT
 BORROWING REQUIRE-
 UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 09854 04 OF 04 151713Z

MENT -6,859 -1,040 -1,848 -780 -1,264
 (1) - EXCLUDING NATIONAL DEBT AND OTHER TRANSACTIONS
 CONCERNED WITH THE FINANCING OF THE BORROWING
 REQUIREMENT.

9. EXCHANGE RATE AND GOLD EFFECTIVE

EXCHANGE RATE			
DATE	EXCHANGE RATE (\$)	(DEC. 1971 EQUALS 100)	GOLD (\$)
6/8	1.7186	61.6	142-5/8
6/9	1.7184	61.6	140-7/8
6/10	1.7188	61.6	140 5/8
6/13	1.7194	61.5	138-1/4
6/14	1.7191	61.5	137-5/8

CHANGE 6/3-6/14 UP 0.0013 DOWN 0.1 DOWN 4.1/4

10. FORWARD DISCOUNT ON STERLING

DATE	1 MONTH	3 MONTHS	6 MONTHS
6/8	0.68	1.95	3.67
6/9	0.68	1.95	3.75
6/10	0.67	1.98	3.80
6/13	0.57	1.92	3.77
6/14	0.57	1.80	3.65

CHANGE 6/3-6/14 NAR 0.23 NAR 0.15 NAR 0.22
 (ALL FIGURES IN CENTS)

11. EURODOLLAR INTEREST RATES

DATE	1 MONTH	3 MONTHS	6 MONTHS
6/8	5-3/8	5-3/4	6-1/4
6/9	5-1/2	5-3/4	6-1/8
6/10	5-1/2	5-3/4	6-1/8
6/13	5-3/4	5-3/4	6-1/8

6/14 5-1/2 5-3/4 6
CHANGE 6/3-6/14 DOWN 1/8 DOWN 1/4 DOWN 1/4

12. THREE-MONTH LONDON INTERBANK - EURODOLLAR INTEREST
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 09854 04 OF 04 151713Z

RATE DIFFERENTIAL

6/8	2-3/16
6/9	2-3/16
6/10	2-3/16
6/13	2-3/16
6/14	2

CHANGE 6/3-6/14 NARROWED 1/32

13. STERLING CERTIFICATES OF DEPOSIT

DATE	1 MONTH	3 MONTHS	6 MONTHS
6/8	7-3/16	7-7/8	8-3/4
6/9	7-7/32	7-7/8	8-27/32
6/10	7-1/4	7-13/16	8-3/4
6/13	7-1/4	7-13/16	8-3/4
6/14	7-1/4	7-23/32	8-21/32

CHANGE 6/3-6/14 DOWN 1/16 DOWN 5/32 DOWN 3/32

14. THE MINIMUM LENDING RATE WAS UNCHANGED AT 8 PERCENT AFTER FRIDAY'S TREASURY BILL AUCTION. THE AVERAGE TREASURY BILL RATE FELL 0.0103 PERCENT TO 7.4430 PERCENT AT THE AUCTION AS 700.25 MILLION POUNDS IN BIDS WERE RECEIVED FOR THE 300 MILLION POUNDS TENDERED. THIS WEEK 300 MILLION POUNDS IN BILLS WILL AGAIN BE OFFERED AS A SIMILAR AMOUNT MATURES.

BREWSTER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON09854
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770213-1218
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770655/aaaabvwh.tel
Line Count: 530
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f020777c-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2144997
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC DEVELOPMENTS FOR PERIOD JUNE 9 - L5TH UNCLASSIFIED UNCLASSIFIED
TAGS: ECON, UK
To: STATE TRSY MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f020777c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009